IN THE SPECIFICATION:

Please AMEND the paragraph beginning at page 12, line 11, as follows:

A graphics controlling circuit 6 controls both input and output of picture information, a series of screen information that is digitized video information, using a video memory 5. After data is inputted to the graphics controlling circuit 6 through the video decoding circuit 3, the data is ~~once~~ initially stored at the video memory 5 as ~~every~~ screen information, then the data is outputted to a video encoding circuit 7.

Please AMEND the paragraph beginning at page 12, line 18, as follows:

~~When the picture information is recorded at the storage device 8, data is~~ Data outputted ~~to a storage device 8 through~~ from the video memory 5 can be recorded as picture information in the storage device 8. ~~When the~~ If picture information is both outputted as a video signal and ~~it is~~ recorded into the storage device 8 ~~at the same time,~~ ~~the~~ data is outputted to both the video encoding circuit 7 and the storage device 8.

Please AMEND the paragraph spanning pages 12 and 13, as follows:

On the other hand, when ~~the~~ picture information recorded at the storage device 8 is reproduced, after the data is read from the storage device 8, the data is ~~once~~ stored to the video memory 5 as ~~every~~ screen information, and then the data is outputted to the video encoding circuit 7.

Please AMEND the paragraph beginning at page 21, line 2, as follows:

Fig. 18 shows an example of pixel reduction. If the reduction ratio is 1/2, both in horizontal and in vertical pixel reduction, an aspect ratio or a resolution of screen is changed from (640X480) ~~dotes~~ dots to (320X240) dots.